GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1007
ANSWERED ON:19.07.2002
EXPOSURE BY BANKS IN CALL MARKETS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has stipulated prudential limits on the exposure by commercial banks in call markets in two stages;

(b) if so, the date from which such recommendations of RBI will come into force;

(c) the impact of this directive on availability of credit;

(d) whether any assessment has been made by RBI; and

(e) if so, the manner in which RBI will implement new directives so as to ensure flow of credit to priority sectors ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a): Yes, Sir.

(b): The first stage will be effective from fortnight beginning October 5, 2002 and second stage will be effective from fortnight beginning December 14, 2002.

(c),(d)&(e): Funds in call/notice money market are used by banks for equilibrating temporary mismatches in resources ranging from 1-14 days. Hence, prudential limits on exposure by commercial banks to call/notice markets is not likely to affect the flow of bank credit to the productive sectors including priority sector.